

**REPORT OF THE AUDIT OF THE
CHRISTIAN COUNTY
SHERIFF**

**For The Year Ended
December 31, 2004**



**CRIT LUALLEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CHRISTIAN COUNTY SHERIFF

**For The Year Ended
December 31, 2004**

The Auditor of Public Accounts has completed the Christian County Sheriff's audit for the year ended December 31, 2004. Based upon the audit work performed, the financial statements present fairly, in all material respects, the revenues, and expenditures of the County Sheriff and the revenues, expenditures, and fund balances of the County Sheriff's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting.

Financial Condition:

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a County Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Christian County Sheriff had net revenues of \$1,563,830, which was a \$110,734 increase from the prior year. Except for reimbursed expenses in the amount of \$2,976 and fiscal court contributions of \$665,400, the sheriff paid 25% of receipts to the Christian County Fiscal Court in the amount of \$107,840. This was an increase of \$4,880 from the prior year. In addition, operating fund expenditures increased by \$197.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive
Honorable William E. Gloyd, Christian County Sheriff
Members of the Christian County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues and expenditures - regulatory basis of the County Sheriff of Christian County, Kentucky, and the statement of revenues, expenditures, and fund balances of the County Sheriff's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2004. These financial statements are the responsibility of the County Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff prepares the financial statements on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the revenues and expenditures of the County Sheriff and the revenues, expenditures, and fund balances of the County Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2004, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2005, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Steve Tribble, Christian County Judge/Executive
Honorable William E. Gloyd, Christian County Sheriff
Members of the Christian County Fiscal Court

This report is intended solely for the information and use of the County Sheriff and Fiscal Court of Christian County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
September 21, 2005

CHRISTIAN COUNTY
WILLIAM E. GLOYD, COUNTY SHERIFF
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS

For The Year Ended December 31, 2004

Revenues

State Fees for Services	\$	231,195	
Circuit Court Clerk			6,190
Fiscal Court			665,440
County Clerk			10,710
Commission on Taxes			569,698
Fees Collected for Services:			
Auto Inspections	\$	30,581	
Accident and Police Reports		3,699	
Serving Papers		36,813	
Carrying Concealed Deadly Weapon Permits		13,185	
Concealed Weapon License Pictures		495	
Sheriff's Tax Advertising Fees		2,022	
Sheriff's Fees - Tax Collections		38,465	125,260
Other Revenues:			
Building Fund Fees	\$	15,786	
Miscellaneous		170	15,956
Interest Earned			4,362
Total Revenues		\$	1,628,811

Expenditures

Payments to State:			
Carrying Concealed Deadly Weapon Permits	\$	8,825	
Payments Made To County:			
Building Fund Fees		15,786	
Other Expenditures:			
Transporting Fugitives		40,340	
Miscellaneous		30	
Total Expenditures			64,981

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY
WILLIAM E. GLOYD, COUNTY SHERIFF
STATEMENT OF REVENUES AND EXPENDITURES - REGUALTORY BASIS
For The Year Ended December 31, 2004
(Continued)

Net Revenues		\$	1,563,830
Payments to State Treasurer:			
75% Operating Fund	\$	1,455,990	
25% County Fund		<u>107,840</u>	<u>1,563,830</u>
Balance Due at Completion of Audit		\$	<u>0</u>

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY
WILLIAM E. GLOYD, COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND
FUND BALANCES OF THE SHERIFF'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2004

	75% Operating Fund	25% County Fund	Totals
	<hr/>	<hr/>	<hr/>
Fund Balance - January 1, 2004	\$ 61,302	\$	\$ 61,302
<u>Revenues</u>			
Fees Paid to State - Operating Funds (75%)	1,455,990		1,455,990
Fees Paid to State - County Funds (25%)		107,840	107,840
	<hr/>	<hr/>	<hr/>
Total Funds Available	\$ 1,517,292	\$ 107,840	\$ 1,625,132
<u>Expenditures</u>			
Christian County Government		\$ 107,840	\$ 107,840
Personnel Services-			
Official's Salary	\$ 83,511		83,511
Deputies' Salaries	694,407		694,407
Part-time Salaries	31,683		31,683
Training Incentive	3,093		3,093
Employee Benefits-			
Employer's Share Social Security	58,554		58,554
Employer's Share Retirement	49,392		49,392
Employer's Paid Health Insurance	169,038		169,038
Other Payroll Disbursements	8,211		8,211
Contracted Services-			
Advertising	11,513		11,513
Bookkeeping	6,276		6,276
Insurance and Other	5,556		5,556
Rentals	2,844		2,844
Data Processing Services	2,523		2,523
Supplies and Materials-			
Uniforms	3,297		3,297
Office Materials and Supplies	4,945		4,945

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY
WILLIAM E. GLOYD, COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND
FUND BALANCES OF THE SHERIFF'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS
For The Year Ended December 31, 2004
(Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Expenditures</u> (Continued)			
Other Charges-			
Postage	\$ 12,000		\$ 12,000
Telephone	4,241		4,241
Tires and Tubes	3,844		3,844
Dues	1,734		1,734
Printing, Stationery	581		581
Travel	1,479		1,479
Miscellaneous	550		550
Other Maintenance and Repair	1,852		1,852
Conferences	690		690
Auto Expenses-			
Vehicle Maintenance and Repairs	16,627		16,627
Gasoline	40,064		40,064
Capital Outlay-			
Vehicle Lease Payments (See Note 4)	51,730		51,730
Law Enforcement Equipment	24,317		24,317
Total Expenditures	<u>\$ 1,294,552</u>	<u>\$ 107,840</u>	<u>\$ 1,402,392</u>
Fund Balance - December 31, 2004	<u>\$ 222,740</u>	<u>\$ 0</u>	<u>\$ 222,740</u>

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY
WILLIAM E. GLOYD, COUNTY SHERIFF
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the County Sheriff as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31:

- Interest receivable
- Collection on accounts due from others for 2004 services
- Reimbursements for 2004 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2004
- Payroll expenditures incurred but not paid

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

CHRISTIAN COUNTY
WILLIAM E. GLOYD, COUNTY SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.34 percent for the first six months and 8.48 percent for the last six months of the year. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.51 percent for the first six months and 22.08 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2004, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of pledged securities held by the Sheriff's agent in the Sheriff's name.

Note 4. Vehicle Lease Payments

The office of the County Sheriff makes the lease payments on lease agreements for sheriff vehicles which are included in Christian County's financial statements. The county is listed as the lessee on the leases.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive
Honorable William E. Gloyd, Christian County Sheriff
Members of the Christian County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements - regulatory basis of the Christian County Sheriff for the year ended December 31, 2004, and have issued our report thereon dated September 21, 2005. The County Sheriff's financial statements are prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Christian County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Christian County Sheriff's financial statements as of December 31, 2004, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
September 21, 2005

